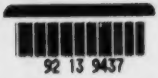

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED: MARCH 31, 1992

31-17C

PROCESSED BY
MAY 14 1992

COMMISSION FILE NUMBER: 0-16084

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CITIZENS & NORTHERN CORPORATION

STATE OF INCORPORATION: PENNSYLVANIA

I.R.S. EMPLOYER IDENTIFICATION NUMBER: 23-2451943

REGISTRANT'S TELEPHONE NUMBER (INCLUDING AREA CODE): 717-724-3411

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES: THOMPSON STREET
RALSTON, PA 17763

MAILING ADDRESS OF EXECUTIVE OFFICE: 90-92 MAIN STREET
WELLSBORO, PA 16901

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (D) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

As of March 31, 1992 2,458,754 COMMON SHARES WERE OUTSTANDING

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Part I - Financial Information
Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

	MARCH 31, 1992 (Unaudited)	December 31, 1991 (Audited)
ASSETS		
Cash & Due from Banks	$ 9,316	$ 13,095
Interest Bearing Deposits with Banks	572	925
Securities Held for Sale	45,440	49,331
Investment Securities (approximate market value $173,357 at March 31, 1992 and $174,515 at December 31, 1991)	171,164	169,571
Trading Account Investments	--	--
Federal Funds Sold	--	--
Net Loans and Lease Finance Receivables	200,070	196,524
Bank Premises and Equipment	5,271	5,071
Other Real Estate	33	41
Accrued Interest Receivable	4,593	4,579
Other Assets	2,088	1,758
TOTAL ASSETS	$ 438,547	$ 440,895
LIABILITIES		
Deposits:		
Noninterest-Bearing	$ 31,863	$ 32,598
Interest-Bearing	318,260	311,524
Total Deposits	350,123	344,122
Borrowed Funds	44,600	54,500
Federal Funds Purchased	--	--
Securities Sold Under Agreement to Repurchase	--	--
Dividends Payable	578	572
Other Liabilities	1,573	1,073
TOTAL LIABILITIES	$ 396,874	$ 400,267
SHAREHOLDERS EQUITY		
Common Stock, Par Value $1.00 per Share	$ 2,459	$ 2,434
Authorized - 10,000,000 shares 1991 10,000,000 shares 1992		
Issued - 2,434,409 shares 1991 2,458,754 shares 1992		
Stock Dividend Distributable	--	511
Paid In Capital	9,267	8,781
Retained Earnings	30,947	29,902
	42,673	41,628
Less - Treasury Stock at Cost 50,000 shares at December 31, 1991 50,500 shares at March 31, 1992	(1,000)	(1,000)
Unrealized Loss on Equity Securities	--	--
TOTAL SHAREHOLDERS EQUITY	$ 41,673	$ 40,628
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	$ 438,547	$ 440,895

See accompanying "Notes to Consolidated Financial Statements".

Part I - Financial Information (continued)
Item 1. Financial Statements (continued)

CONSOLIDATED STATEMENT OF INCOME
(Dollars in Thousands except Per Share Data)

	Fiscal Year To Date 3 Months Ending March		3 Months Ending March	
	1992 (Current)	1991 (Prior Yr)	1992 (Current)	1991 (Prior Yr)
INTEREST INCOME				
Interest & Fees on Loans:				
Taxable	$ 5,422	$ 5,452	$ 5,422	$ 5,452
Tax-exempt	72	91	72	91
Interest on Securities Held for Sale	846	--	846	--
Interest on Investment Securities:				
Taxable	2,638	3,495	2,638	3,495
Tax-exempt	639	572	639	572
Interest on Federal Funds	6	61	6	61
Total Interest Income	9,623	9,671	9,623	9,671
INTEREST EXPENSE				
Interest on Deposits	4,248	4,931	4,248	4,931
Interest on Other Borrowings	622	596	622	596
Total Interest Expense	4,870	5,527	4,870	5,527
Interest Margin	4,753	4,144	4,753	4,144
Provision for Loan Losses	181	124	181	124
Net Interest Income After Provision for Loan Losses	4,572	4,020	4,572	4,020
OTHER INCOME				
Trust Department Income	95	97	95	97
Service Charge on Deposit Accts	256	251	256	251
Other Service Charges & Fees	49	57	49	57
Securities Gain (Net)	232	70	232	70
Unrealized Loss on Securities Held for Sale	(370)	--	(370)	--
Other Operating Income	137	156	137	156
Total Other Income	399	631	399	631
Total Income After Interest Expense	4,971	4,651	4,971	4,651
OTHER EXPENSES				
Salaries & Wages	1,119	1,038	1,119	1,038
Employee Benefits	360	320	360	320
Occupancy Expense (Net)	157	136	157	136
Furniture & Equipment Expense	138	170	138	170
Other Expenses	1,131	1,075	1,131	1,075
Total Other Expenses	2,905	2,739	2,905	2,739
Income Before Income Taxes	2,066	1,912	2,066	1,912
Applicable Income Taxes	443	479	443	479
NET INCOME	$1,623	$1,433	$1,623	$1,433
PER SHARE DATA:				
Net Income	$ .67	$ .59	$ .67	$ .59
Number Shares Used in Computation	2,408,254	2,424,518	2,408,254	2,424,518
Number Shares Outstanding	2,458,754	2,434,409	2,458,754	2,434,409
Number Shares Authorized	10,000,000	10,000,000	10,000,000	10,000,000
Dividend Per Share	$ .24	$ .23	$ .24	$ .23

Part I - Financial Information (continued)
Item 1. Financial Statements (continued)

STATEMENT OF CASH FLOWS
(In Thousands)

	Periods Ended March 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 1,623	$ 1,433
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	181	124
Unrealized Loss on Securities Held for Sale	(232)	(70)
Realized Investment Securities Gains	370	244
Provision for Depreciation and Amortization	438	--
Accretion of Investment Securities Discount	17	(18)
Decrease (Increase) in Accrued Interest Receivable and Other Assets	(344)	(932)
Increase (Decrease) in Accrued Interest Payable and Other Liabilities	506	1,061
Net Cash Provided by Operating Activities	2,559	1,842
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investment Securities	11,519	52,857
Proceeds from Sales and Maturities of Securities Held for Sale	3,289	--
Purchase of Investment Securities	(12,977)	(43,240)
Net Increase in Loans	(3,727)	(1,964)
Purchase of Premises and Equipment	(326)	(23)
Purchase, Sale of Other Real Estate	8	(64)
Net Cash Provided (Used) by Investing Activities	(2,214)	7,566
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Increase in Deposits	6,001	4,242
Increase (Decrease) in Federal Funds Borrowed	--	(7,500)
Proceeds from Short Term Borrowings	(9,900)	(4,975)
Dividends Paid	(578)	(549)
Acquisition of Treasury Stock	--	(400)
Net Cash Provided (Used) by Financing Activities	(4,477)	(9,182)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,132)	226
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,020	13,910
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,888	$ 14,136
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 4,179	$ 4,751
Income Taxes Paid (Recovered)	$ 661	$ 716

Part I - Financial Information (continued)
Item 1. Financial Statements (continued)

Notes to Consolidated Financial Statements

1. The financial information included herein, with the exception of the Consolidated Balance Sheet dated December 31, 1991 is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of the financial position, results of operations, and changes in financial position for the interim periods.

Part I - Financial Information (continued)
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Earnings Overview

Earnings per share for the quarter ending March 31, 1992 amounted to $.67 per share, 13.6% higher than the $.59 per share earned during the same period last year.

The increase in earnings is the result of an increase in the net interest margin from 3.50% during the period ending March 31, 1991 to the current level of 4.05% for the first quarter of 1992.

It appears that the same level of earnings will continue through the third quarter of 1992 and decline slightly during the final quarter as more of the earning assets reprice at lower rates.

Interest Margin

The net interest margin increased $609,000 over the same period in 1991, an increase of nearly 15%. The increase was due to the sharp decline in interest rates. The overall cost of funds has declined from 6.74% for the first quarter of 1991 and 6.32% for the year ending December 31, 1991, to 5.36% for the first quarter of 1992.

The rate of return on earning assets also declined 87 basis points when compared to the first quarter of 1991 and 50 basis points since year end 1991. The current rate of return on earning assets stands at 9.41%.

The sharp decline in the cost of funds coupled with the more gradual drop in the rates on earning assets has allowed the net spread to increase to 4.05% for the first quarter of 1992. This spread will probably be maintained through the second and third quarters of 1992 and begin to decline in the last quarter as the loan portfolio, particularly the mortgage portion, begins to roll over at the lower rates. The overall decline should not exceed 50 basis points, and the cost of interest-bearing liabilities is unlikely to decline further since they are at base levels.

Tables I and II present a comparison of average balances, rates of return and interest income and expense for the three month periods being compared.

TABLE I
ANALYSIS OF THE EFFECT OF VOLUME AND RATE CHANGES
IN INTEREST INCOME AND INTEREST EXPENSE BETWEEN
QUARTERS ENDING MARCH 31, 1992 / 1991
(In Thousands)

	Change in Volume	Change in Rate	Change in Rates & Volumes	Total Change
EARNING ASSETS				
Investments:				
U.S. Treasury Securities	$ (260)	$ (2)	$ 1	$ (261)
Securities of Other U.S. Government Agencies	(135)	(375)	20	(490)
Obligations of States and Political Subdivisions	54	12	1	67
Stock	15	65	19	99
Other Securities	(144)	(42)	11	(175)
Total Investments	(470)	(342)	52	(760)
Other:				
Securities Held for Sale	--	--	846	846
Interest-bearing Due from Banks	21	(31)	(20)	(30)
Federal Funds Sold	(52)	(18)	15	(55)
Loans:				
Real Estate	389	(173)	(20)	196
Consumer	(121)	49	(4)	(76)
Agricultural	17	(11)	(3)	3
Commercial	(74)	(90)	13	(151)
Other	--	(1)	--	(1)
Political Subdivisions	(11)	(9)	1	(19)
Leases	--	(1)	--	(1)
Total Loans	200	(236)	(13)	(49)
Total Interest Income	(301)	(627)	880	(48)
INTEREST-BEARING LIABILITIES				
Interest Checking	102	(163)	(38)	(99)
Money Market	100	(253)	(26)	(179)
Savings	49	(109)	(11)	(71)
Certificates of Deposit	(9)	(361)	1	(369)
Individual Retirement Accounts	95	(46)	(6)	43
Other Time Deposits	(3)	(5)	--	(8)
Federal Funds Purchased	(318)	(291)	153	(456)
Other Borrowed Funds	--	--	482	482
Total Interest Expense	16	(1,228)	555	(657)
NET INTEREST INCOME	$ (317)	$ 601	$ 325	$ 609

TABLE II
ANALYSIS OF AVERAGE BALANCES AND RATES
(In Thousands)

EARNING ASSETS	3/31/92	Rate of Return/ Cost of Funds %	12/31/91	Rate of Return/ Cost of Funds %	3/31/91	Rate of Return/ Cost of Funds %
Securities Held for Sale	$ 47,997	7.15	$ 8,596	8.14	$ --	--
Investments:						
Obligations of the U.S. Treasury	1,569	8.27	8,616	8.17	14,290	8.32
Obligations of Other U.S. Government Agencies	107,578	7.81	119,996	8.44	113,539	9.15
Obligations of States and Political Subdivisions	31,856	8.14	30,310	7.37	29,127	7.96
Stock	9,211	6.74	7,758	6.55	7,159	3.06
Other Securities	18,387	8.34	24,398	9.26	24,839	9.03
Total Investment Securities	168,601	7.88	191,078	8.29	188,954	8.66
Interest-bearing Due from Banks	821	3.95	1,322	7.89	1.583	8.45
Federal Funds Sold	566	4.30	3,320	5.75	4,018	6.07
Loans:						
Real Estate	138,392	10.57	129,454	10.97	124,220	11.14
Consumer	37,231	15.12	39,410	14.38	40,581	14.63
Agricultural	2,545	10.20	2,247	11.44	1,994	12.41
Commercial	16,175	8.83	18,391	9.58	18,972	10.75
Other	464	7.87	442	8.60	443	9.15
Political Subdivisions	4,303	6.79	4,703	7.36	4,881	7.56
Leases	128	3.17	191	6.81	192	4.22
Total Loans	199,238	11.18	194,838	11.44	191,283	11.75
Less Unearned Discount	(49)		(127)		(197)	
Allowance for Loan Losses	(2,620)		(2,768)		(2,570)	
Net Loans and Leases	196,569	11.34	191,943	11.61	188,516	11.92
Total Earning Assets	414,554	9.41	396,259	9.87	383,071	10.24
Cash	10,133		10,439		9,273	
Other Assets	6,080		5,739		5,188	
Bank Premises and Equipment	5,179		4,710		4,725	
Total Assets	$435,946		$417,147		$402,257	
LIABILITIES						
Interest Checking	$ 41,099	3.35	$ 35,514	4.94	$ 33,352	5.33
Money Market	71,502	4.45	65,586	5.53	64,780	6.03
Savings	44,325	3.85	42,674	4.85	40,327	4.95
Certificates of Deposit	118,197	6.45	119,008	7.19	118,682	7.69
Individual Retirement Accounts	45,729	7.07	41,507	7.13	40,596	7.53
Other Time Deposits	2,198	4.80	2,632	4.98	2,423	5.69
Other Borrowed Funds	45,358	5.56	38,099	7.12	32,615	7.31
Total Interest-bearing Liabilities	368,408	5.36	345,020	6.32	332,775	6.74
Demand Deposits	24,110		29,342		29,315	
Other Liabilities	2,486		4,063		2,258	
Stockholders' Equity	40,942		38,722		37,909	
Total Liabilities and Stockholders' Equity	$435,946		$417,147		$402,257	
Net Rate of Return		4.05		3.55		3.50

Allowance for Possible Loan Losses

The budgeted charge to earnings for the allowance for possible loan losses in 1992 is $726,000 and management's best estimate of gross losses is between $300,000 and $500,000. Recoveries should run between $100,000 and $150,000. The difficulty in predicting losses lies in nonperforming loans, which total $790,651. The estimated loss in nonperforming loans could range from a low of $55,000 to a worst-case loss of $250,000.

The percent of loans past due 30 days or more is at a very uncomfortable 5.29% and a concerted effort is under way to lower this number.

The allowance is at 1.33% at March 31, 1992, up from 1.28% at year end 1991, and is expected to finish the year at 1.41%, slightly less than our peer group which stands at 1.45%.

The following tables illustrate the expected activity in the allowance for possible loan losses for 1992, a historical analysis of the last five years and projections for 1992.

TABLE III
ESTIMATED LOAN LOSS ACTIVITY FOR 1992

Beginning Balance	$2,548,000
Recoveries	125,000
Provision	726,000
Subtotal	3,399,000
Charge-Offs	(400,000)
Total	$2,999,000
Estimated Year End Net Loans	$213,000,000
Allowance as a % of Net Loans	1.41%

TABLE IV
LOAN LOSS HISTORY FOR THE PAST SIX YEARS

	Est. 1992	1991	1990	1989	1988	1987	Average
*Net Loans	213,000	199,072	190,544	159,715	143,102	126,907	172,057
Net Charge Offs	400	3,142	115	222	79	183	690
Allowance Balance	2,999	2,548	2,539	2,284	2,231	1,958	2,427
Provision for Loan Losses	726	3,151	326	275	352	460	882
Earnings	6,593	5,643	5,342	4,268	4,474	5,090	5,235
Earnings Coverage of Net Charge Offs	16.5 x	1.8 x	46.5 x	19.2 x	56.6 x	27.8 x	28.0 x
Allowance Coverage of Net Charge Offs	7.5 x	.81 x	22.1 x	10.3 x	28.2 x	10.7 x	13.0 x
Accruing Loans Contr 90 Days Past Due (2)	3,589	3,810	2,425	1,684	1,313	1,154	1,731
Net Charge Offs as a % of Provision	55.1%	99.7%	35.3%	80.7%	22.4%	39.8%	56.0%
Year End Non Performing	300	17	309	264	355	370	336
Allowance as a % of Net Loans	1.41%	1.28%	1.33%	1.43%	1.56%	1.54%	
Peer Group (1)	1.44%	1.44%	1.34%	1.32%	1.30%	1.26%	

*Gross loans less unearned discount
(1) At December 31, 1991
(2) At March 31, 1992

TABLE V
ALLOCATION OF ALLOWANCE FOR LOAN LOSSES BY LOAN TYPE
(In Thousands)

	1992 (Est.)	1991	1990	1989	1988	1987
Mortgage	$ 14	$ 11	$ 17	$ 45	$ 75	$ 91
Consumer	171	136	22	112	107	190
Commercial	611	653	55	155	182	178
Total Allocated	796	800	94	312	364	459
Unallocated	2,203	1,748	2,445	1,972	1,867	1,499
Total Allowance	$2,999	$2,548	$2,539	$2,284	$2,231	$1,958

Other Income

The following table compares the major categories of other income for the periods ending March 31, 1992 and March 31, 1991 and the increase or decrease by category.

TABLE VI
MAJOR CATEGORIES OF OTHER INCOME
(In Thousands)

	Period Ended March 31, 1992	1991	$ Change	% Change
Trust Department	$ 95	$ 97	$ (2)	(2%)
Service Charges on Deposit Accounts	256	251	5	2%
Other Service Charges and Fees	49	57	(8)	(14%)
Security Gains or (Losses)	232	70	162	231%
Unrecognized Losses on Securities Held for Sale	(370)	--	(370)	--%
Other Operating Income	137	156	(19)	(12%)
Total Other Income	$ 399	$ 631	$ (232)	(37%)

There were no significant changes in other income categories, with the exception of "Security Gains and Losses" and "Unrecognized Losses on Securities Held for Sale".

Recognized securities gains resulted from the sale of stock in two Pennsylvania bank holding companies. The stock in one of the holding companies was sold because the bank's holdings had become extensive due to mergers, and only a portion of the total shares were sold. The other was sold because management felt it was somewhat overpriced.

The Corporation booked $370,000 in unrecognized losses on "Securities Held for Sale". The investments are held in this capacity since the securities were purchased with borrowed funds, therefore, the ability to hold them is absent. Holding the securities in this capacity requires that they be carried at the lower of cost or market and adjusted quarterly if the market value falls. The market value of these securities has recovered to the original cost since March 31, 1992.

Other operating income declined $19,000 due to a decline of $17,000 in premiums earned on credit life and accident and health insurance coverage written when compared to the same period last year.

Other Expenses

Table VII examines other expenses for the period being compared and the change between periods.

TABLE VII
MAJOR CATEGORIES OF OTHER EXPENSE
(Dollars in Thousands)

	Period Ending March 31, 1992	1991	$ Change	% Change
Salaries and Wages	$1,119	$1,038	$ 81	8%
Employee Benefits	360	320	40	13%
Occupancy Expense, Net	157	136	21	15%
Furniture and Equipment Expense	138	170	(32)	(19%)
Other Expense	1,131	1,075	56	5%
Total Other Expense	$2,905	$2,739	$ 166	6%

Salaries and wages increased 8% over the same period in 1991. This increase was due to normal merit increases and an increase from 184 full-time equivalent employees to 187 for the current period.

Employee benefits increased $40,000 or 13% over 1991. The largest contributing factors to this increase were group hospitalization insurance, which increased $10,723, and the pension contribution due to an increase in active participants in the Plan and a change in mortality tables.

Occupancy expense exceeded the first quarter of 1991 by $21,000. This was caused by relatively small increases in several expense categories. Two of the largest increases were real estate taxes, which increased by $3,600, and building maintenance, which increased by $5,600.

Furniture and equipment expense declined $32,000; however, this was due to a duplication of an equipment maintenance charge in the first quarter of 1991, which was corrected later in the year.

Other expense increased $56,000 or 5%. The most significant variations between the first quarter of 1991 and 1992 were credit card processing costs, which increased $50,726. This is due to the increase in the number of new banks now using the credit card processing program.

Legal fees for the first quarter of 1992 declined nearly $15,000 when compared to the first quarter of 1991. This was due to a decline in the number of bankruptcies as compared to 1991.

Other expense associated with Bucktail Life Insurance Company increased $15,493 due to losses incurred on life policies and accident and health claims.

Statement of Condition

Total assets of the Corporation increased 7.8% or nearly $32,000,000; however, $19,300,000 was an increase in borrowed funds. Real growth amounted to $12,700,000, an increase of nearly 4%.

The investment portfolio increased $25,348,000 including "Securities Held for Sale", which amounted to $45,400,000. The portion of the portfolio classified as "held for sale" were mortgage-backed instruments purchased with funds borrowed from the Federal Home Loan Bank with original maturities ranging from one to three years.

The increase in loan volume slowed substantially in 1991, with growth since March 31, 1991 of 5%. Most of the loan activity centered around mortgage products. With the decline in rates, loan officers were busy rewriting mortgages at lower rates and many customers were including other consumer debt with their mortgage to take advantage of the deductible interest costs on their tax returns.

Deposit growth was just over 4%, slightly less than the loan growth. The growth was not weighted toward any particular deposit type. Surprisingly, regular savings accounts posted the largest increase.

Borrowing from the Federal Home Loan Bank increased from $25,000,000 to $44,600,000, with $10,000,000 coming due in 1992 and the balance in 1994 and 1995. The portion of the loan maturing in 1992 will be rolled over for a three year term.

Liquidity and Interest Rate Sensitivity

The Corporation's ability to cover short term deposit fluctuations or unusually heavy loan demand have been met using a flexline of credit with the Federal Home Loan Bank of Pittsburgh. The line amounts to $40,000,000. The bank also maintains credit lines with several of its correspondent banks.

Interest rate sensitivity is measured on a monthly basis using a computer model which projects the effect on earnings of a negative gap and a balanced position using rising, falling and flat rate scenarios.

The results of the model are monitored very carefully each month by the asset and liability committee to determine at what level the negative gap should remain or be eliminated.

TABLE VIII
RATE SENSITIVE ASSETS AND RATE SENSITIVE LIABILITIES
(In Thousands)

	Within One Year	After One Year But Within Five	After Five Years	Noninterest Assets Liabilities Equity	Total
Assets					
Interest-bearing Deposits	$ 572	$ --	$ --	$ --	$ 572
Securities Held for Sale	45,440	--	--	--	45,440
Investment Securities	1,280	9,379	160,505	--	171,164
Loans and Lease Financing	97,201	50,743	54,852	--	202,796
Unearned Discount	--	--	--	(63)	(63)
Allowance for Possible Loan Losses	--	--	--	(2,663)	(2,663)
Other Assets	4,593	--	5,304	11,404	21,301
Total Assets	149,086	60,122	220,661	8,678	438,547
Liabilities and Stockholders' Equity					
Interest-bearing Deposits	244,396	28,323	45,541	--	318,260
Demand Deposits	--	--	--	31,863	31,863
Borrowed Funds	34,600	10,000	--	--	44,600
Other Liabilities	578	--	--	1,573	2,151
Stockholders' Equity	--	--	--	41,673	41,673
Total Liabilities and Stockholders' Equity	279,574	38,323	45,541	75,109	438,547
Interest Rate Sensitivity Gap	$(130,488)	$ 21,799	$175,120	$(66,431)	

Capital Adequacy

The Corporation recognizes that in this era of bank and S & L failures and the rapid decline in FDIC reserves, a strong capital base is a necessity to instill customer and shareholder confidence.

It has always been the Corporation's goal to internally generate capital through strong earnings produced by a sound asset base and to choose financially sound merger partners.

The Corporation's capital to asset ratio and capital to deposits ratio at March 31, 1992 were 9.5% and 11.9%, respectively. The Corporation's risk-based capital ratio stands at 17.27%, far in excess of regulatory guidelines.

The Corporation has no substantial capital expenditures planned in the foreseeable future which would materially impair or reduce the current ratios.

This document has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

Part II - Other Information

Item 1. Legal Proceedings

Citizens & Northern Corporation is not a litigant in any pending material lawsuits.

It is the opinion of the counsel of Citizens & Northern Corporation that minor lawsuits which are pending will not have a significant or materially detremental effect on the capital of the Corporation or in any way affect the results of operations.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits filed as part of this report are listed below:

Exhibit 1 -- Quarterly Report to Shareholders for period ending March 31, 1992

b. No reports on Form 8-K were filed during the period ending March 31, 1992

CITIZENS & NORTHERN CORPORATION - FORM 10-Q

SIGNATURE PAGE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITIZENS & NORTHERN CORPORATION

Date May 8, 1992

William K. Francis
President and
Chief Executive Officer

Date May 8, 1992

James W. Seipler
Treasurer
(Chief Financial Officer)

CITIZENS & NORTHERN CORPORATION

CONSOLIDATED STATEMENT OF INCOME
(In Thousands) (Unaudited)

	3 Months Ending March		Fiscal Year To Date 3 Months Ending March	
	1992 (Current)	1991 (Prior Yr)	1992 (Current)	1991 (Prior Yr)
INTEREST INCOME				
Interest & Fees on Loans:				
Taxable	$ 5,422	$ 5,452	$ 5,422	$ 5,452
Tax-exempt	72	91	72	91
Interest on Securities Held for Sale	846	—	846	—
Interest on Investment Securities:				
Taxable	2,638	3,495	2,638	3,495
Tax-exempt	639	572	639	572
Interest on Federal Funds	6	61	6	61
Total Interest Income	9,823	9,671	9,823	9,671
INTEREST EXPENSE				
Interest on Deposits	4,248	4,931	4,248	4,931
Interest on Other Borrowings	622	596	622	596
Total Interest Expense	4,870	5,527	4,870	5,527
Net Interest Income	4,753	4,144	4,753	4,144
Provision for Loan Losses	181	124	181	124
Net Interest Income After Provision for Loan Losses	4,572	4,020	4,572	4,020
OTHER INCOME				
Trust Department Income	95	97	95	97
Service Charge on Deposit Accounts	256	251	256	251
Other Service Charges & Fees	49	57	49	57
Security Gains (Net)	232	70	232	70
Unrealized Loss on Securities Held for Sale	(370)	—	(370)	—
Other Operating Income	137	156	137	156
Total Other Income	399	631	399	631
Total Income After Interest Expense	4,971	4,651	4,971	4,651
OTHER EXPENSES				
Salaries & Wages	1,119	1,038	1,119	1,038
Employee Benefits	360	320	360	320
Occupancy Expense (Net)	157	136	157	136
Furniture & Equipment Expense	138	170	138	170
Other Expenses	1,131	1,075	1,131	1,075
Total Other Expenses	3,905	2,739	3,905	2,739
Income Before Income Taxes	2,066	1,912	2,066	1,912
Applicable Income Taxes	443	479	443	479
NET INCOME	$1,623	$1,433	$1,623	$1,433
PER SHARE DATA:				
Net Income	$ .67	$ .59	$ .67	$ .59
Number Shares Used in Computation	2,408,254	2,424,518	2,408,254	2,424,518
Number Shares Issued	2,458,754	2,434,409	2,458,754	2,434,409
Number Shares Authorized	10,000,000	10,000,000	10,000,000	10,000,000
Dividend Per Share	$ .24	$ .23	$ .24	$ .23

CONSOLIDATED BALANCE SHEET
(In Thousands) (Unaudited)

	March 31, 1992	March 31, 1991
ASSETS		
Cash & Due from Banks	$ 9,316	$ 9,994
Interest Bearing Deposits	572	1,542
Securities Held for Sale	45,440	—
Investment Securities:		
U.S. Treasury Securities	575	12,174
Securities of Other U.S. Government Agencies	110,780	114,010
Obligations of States & Political Subdivisions	32,966	30,231
Other Securities	26,843	34,831
Total Investment Securities	171,164	191,246
Federal Funds Sold	—	2,600
Loans:		
Loans to Political Subdivisions	4,239	4,856
Other Loans	198,557	187,764
Total Loans	202,796	192,620
Less - Allowance for Loan Losses	(2,663)	(2,586)
Unearned Income	(63)	(189)
Loans, Net	200,070	189,845
Bank Premises and Equipment	5,271	4,597
Other Real Estate	33	74
Accrued Interest on Bonds and Loans	4,593	4,511
Other Assets	2,086	2,292
TOTAL ASSETS	$438,547	$406,701
LIABILITIES		
Deposits:		
Demand	$ 31,863	$ 28,487
Interest Checking	36,022	33,637
Money Market	72,402	69,928
Savings	45,474	41,301
Other Time	164,362	162,125
Total Deposits	350,123	335,478
Dividends Payable	578	549
Borrowed Funds	44,600	25,000
Loan Payable	—	300
Securities Sold Under Agreement to Repurchase	—	4,875
Other Liabilities	1,573	2,412
TOTAL LIABILITIES	$396,874	$368,614
SHAREHOLDERS EQUITY		
Common Stock, Par Value $1.00 per Share Authorized - 10,000,000; Issued 2,458,754 and 2,434,409 in 1992 and 1991, respectively	$ 2,459	$ 2,434
Paid in Capital	9,267	8,781
Retained Earnings	30,947	27,872
	42,673	39,087
Less:		
Treasury Stock at Cost		
50,500 shares at March 31, 1992	(1,000)	
50,000 shares at March 31, 1991	—	(1,000)
TOTAL SHAREHOLDERS EQUITY	$ 41,673	$ 38,087
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	$438,547	$406,701
Contingent Liabilities on Unused Letters of Credit	$ 2,185	$ 2,002

CITIZENS & NORTHERN BANK

BOARD OF DIRECTORS

William K. Francis — Chairman

J. Robert Bower
Roy W. Cummings Sr.
R. Robert DeCamp
R. James Dunham
Adelbert E. Eldridge
Laurence R. Kingsley
Edward L. Learn
John D. Lewis
John H. Macafee
Lawrence F. Mase
Robert J. Murphy
Edward H. Owlett
Leonard Simpson
Howard W. Skinner
Donald E. Treat

DIRECTORS EMERITI

Newman W. Benson
John B. Kentch
Robert H. Marquardt
Leslie W. Miller
John W. Orr

CORPORATE

William K. Francis	Chairman of Board and President
Howard W. Skinner	Senior Vice President
Craig G. Litchfield	Vice President
James W. Seipler	Controller & Cashier
Kathleen M. Osgood	Corporate Secretary
Klas G. Anderson	Assistant Vice President
Robert E. Bolt	Assistant Vice President
Jeffrey B. Osgood	Assistant Vice President and Personnel Officer
Sandra G. Andrews	Assistant Cashier
Mark C. Griffis	Assistant Cashier
Karen L. Keck	Bookkeeping Manager
Eileen K. Ranck	Assistant Credit Card Manager
Joseph A. Snell	Assistant Controller

TRUST DEPARTMENT

Paul M. Ritter	Vice President and Trust Officer
Thomas L. Briggs	Trust Officer
Nicholas Helf, Jr.	Trust Officer
Gerald W. Smith	Trust Officer
Mary J. Wood	Trust Officer
Rhonda J. Patt	Assistant Trust Officer

DATA PROCESSING DEPARTMENT

Robert W. Anderson	Vice President
James H. Shelmire	Systems Analyst
Rick Cisco	Technical Support Manager

AUDIT DEPARTMENT

Russell H. Bauman	Auditor
Richard F. Hall	Assistant Vice President

ATHENS OFFICE

Terry R. Depew	Vice President
Phylis W. Callear	Assistant Vice President
Rita Y. Fisk	Assistant Cashier

DUSHORE OFFICE

Wayne E. Gavitt	Vice President
Bonnie Bennett	Assistant Cashier
Helen W. Ferris	Assistant Cashier
Katherine Leljedal	Assistant Cashier

EAST SMITHFIELD OFFICE

Peggy A. Brown	Assistant Vice President
Elaine F. Johnston	Assistant Vice President
Diane B. Elvidge	Assistant Cashier
Sandra J. McNeal	Assistant Cashier

ELKLAND OFFICE

Scott A. Keck	Assistant Vice President
Nancy L. Tubbs	Assistant Cashier
Patricia Marzo	Assistant Cashier

KNOXVILLE OFFICE

Torrance L. Boyles	Assistant Vice President
Mary Rose Sacks	Assistant Cashier

LAPORTE OFFICE

Randy R. Meckes	Assistant Vice President
Twila G. Starr	Assistant Cashier

LIBERTY OFFICE

Ann L. Yuscavage	Assistant Vice President
Joan M. Blackwell	Assistant Cashier

MONROETON OFFICE

Joan L. Grenell	Assistant Vice President

RALSTON OFFICE

Daniel P. Clark	Assistant Vice President

SAYRE OFFICE

Keith E. Ferguson	Vice President
Marcella Chaykosky	Assistant Cashier

TIOGA OFFICE

Jean L. Ward	Vice President
Lois C. Wood	Assistant Cashier

TOWANDA OFFICE

Larry D. Sharer	Vice President
Wilson S. Quiggle	Assistant Vice President
Julia A. Lindsey	Assistant Cashier
Charmaine Stempel	Assistant Cashier

TROY OFFICE

Brian L. Canfield	Vice President
David C. Schucker	Assistant Vice President
Janet R. Ordway	Assistant Cashier

WELLSBORO OFFICE

Richard L. Wilkinson	Vice President
Kim L. Miller	Assistant Vice President
Jan L. Southworth	Assistant Vice President

WYSOX OFFICE

Debra S. Kithcart	Assistant Vice President

CITIZENS & NORTHERN CORPORATION

Ralston, Pennsylvania

CHARTERED 1864

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

CONSOLIDATED STATEMENT OF CONDITION
CONSOLIDATED STATEMENT OF EARNINGS